



# POLICY BRIEF



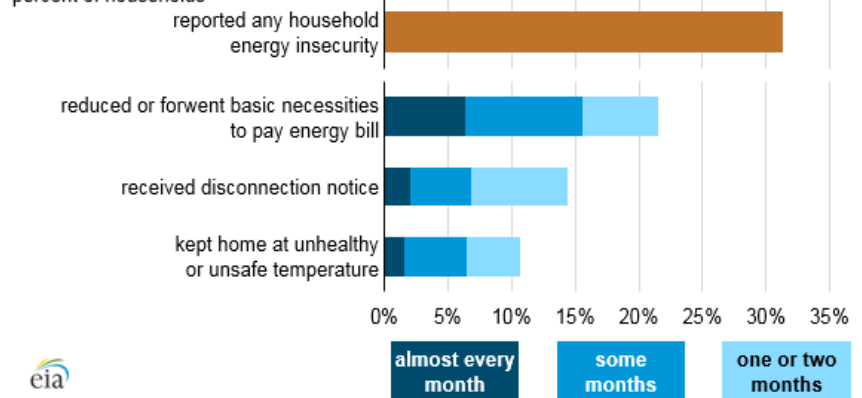
## ENERGY POVERTY AND ECONOMIC JUSTICE

Even before President Biden took office, the phrase “environmental justice” was at the heart of his climate plan.<sup>1</sup> Americans soon found out that “environmental justice” meant destroying jobs and increasing energy prices through policies such as canceling the Keystone XL pipeline and stopping new oil and gas leases on federal land.

Although Democrats often mention the importance of “environmental justice,” their energy policies hit the pocketbook and health of low-income families the hardest. These policies have raised overall energy costs, including gasoline that has driven an increase in broader consumer prices and led to thousands of Americans in the energy sector being out of work.<sup>2</sup> If California is any example, Americans can expect this “energy injustice” to rise if Biden Administration continues pursuing an “America Last” energy policy.

- **Minorities and Low-Income families disproportionately carry the burden of bad energy policies.**
  - While the U.S. does not lack access to energy supplies like many other parts of the world, over 30 million households face a high energy burden, which is defined as spending more than 6% of one’s income on energy bills.<sup>3</sup> Also, according to the U.S. Energy Information Administration’s (EIA) latest energy consumption survey, nearly one-third of U.S. households had difficulty paying energy bills or maintaining adequate heating and air.<sup>4</sup>
  - One study found that Black households spend 43% more and Hispanic households 20% more on their energy bills than White households. Furthermore, low-income households dedicate three times more of their income to energy bills than other households.<sup>5</sup>
- **Unaffordable energy prices can have detrimental consequences to health and safety.**
  - When the United Kingdom decided to shut down coal power plants and replace them with wind and solar energy sources, energy prices skyrocketed to unaffordable rates. Consequently, energy poverty increased, and the U.K. had nearly 17,000 excess winter deaths attributable to cold housing conditions in the winter of 2017/18.<sup>6</sup> If the U.S. were to enact proportional measures, those deaths would number in the tens of thousands.<sup>7</sup>
  - One study found that excess winter deaths kill more residents in Vermont than car crashes.<sup>8</sup>
  - As shown in Figure 1, high energy prices lead families to make decisions detrimental to their health and safety. This is a direct result of government restrictions on free market energy innovation.
  - COVID-19 has presented even more challenges for low-income Americans with 22% of households reporting they had to reduce or forgo basic needs, such as food or medicine, to pay an energy bill.<sup>9</sup>
  - EIA forecasts energy bills this winter will increase for those using propane by 46%, for natural gas by 29%, for electricity by 6%, and for heating oil by 39% from last winter.<sup>10</sup>
  - Numerous studies have found that households facing energy poverty or energy insecurity are more

Households that experienced energy insecure situations, 2015  
percent of households



Source: U.S. Energy Information Administration, Residential Energy Consumption Survey 2015

likely to face poor physical and mental health, ranging from asthma and chronic bronchitis to depression and anxiety.<sup>11</sup> In addition, children growing up in energy poverty could be even more vulnerable than adults to these health impacts, since very young children spend more time indoors.<sup>12</sup>

- Living without energy can also lead to more severe outcomes such as going hungry from food spoilage when refrigeration is inadequate, house fires when resorting to candles or other fire sources for heat and light, or even fatalities for the young and elderly from either hypothermia or heat waves.<sup>13</sup>
- The best way to protect low-income households and minorities from the outcomes of energy poverty is to enact policies that allow access to reliable and affordable energy.

- **Democrats' policies will lead to spiraling costs and higher rates of energy poverty and injustice.**

- California, where Democrat policies like high fuel-taxes, Cap-and-Trade Program, and Low Carbon Fuel Standard have been implemented, leads the country in highest gasoline prices, which are currently over a dollar more per gallon than the national average.<sup>14</sup>
- In addition to fuel prices, California has one of the highest residential electricity rates.<sup>15</sup> This is particularly alarming since cost increases for residential electricity also have the most regressive impact on the poor compared to other basic needs.<sup>16</sup>
- In addition to high fuel and electricity prices, the building energy codes in California have regressive impacts. In a National Bureau of Economic Research study, the stricter energy codes were found to hurt the home values of the poor, while increasing the home values of wealthier households. Despite the justification of the codes to reduce energy use, the study says there is debate about whether the codes reduce energy consumption at all.<sup>17</sup>
- These policies are why a coalition of civil-rights leaders called The Two Hundred sued the California Air Resources Board for enacting policies that were “driving up the cost of housing, worsening poverty and particularly victimizing minority communities.”<sup>18</sup>
- Enacting these terrible policies at the federal level will only further inflict “energy injustice” on to more American families.

Any energy policy that needlessly raises prices on families under the guise of “environmental justice” is hypocritical and destructive. Therefore, it is important for Congress to reject Biden’s energy policies that put American’s out of work and raise the energy burden on families. Instead, we should enact policies that lead to domestic economic opportunities and increase access to reliable and affordable energy for all Americans.

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<sup>1</sup> Juliet Eilperin, Brady Dennis, and Darryl Fears. Biden to place environmental justice at center of sweeping climate plan. The Washington Post. January 27, 2021. <https://www.washingtonpost.com/climate-environment/2021/01/26/biden-environmental-justice-climate/> and Biden/Harris. The Biden Plan for a Clean Energy Revolution and Environmental Justice. <https://joebiden.com/climate-plan/>

<sup>2</sup> Gwynn Guilford. Inflation Accelerated in March Due to Strengthening Economy, Rising Energy Prices. The Wall Street Journal. April 13, 2021. <https://www.wsj.com/articles/us-inflation-consumer-price-index-march-2021-11618273541> and Jeff Cox. Inflation speeds up in April as consumer prices leap 4.2%, fastest since 2008. CNBC. May 12, 2021. <https://www.cnbc.com/2021/05/12/consumer-price-index-april-2021.html>

<sup>3</sup> Ariel Dreihobl, Lauren Ross, and Roxana Ayala. How High are Household Energy Burdens? American Council for an Energy-Efficient Economy. September 2020. <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf> and Access to electricity (% of the population). The World Bank. Accessed December 2021. <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS>

<sup>4</sup> One in three U.S. households faces a challenge in meeting energy needs. U.S. Energy Information Administration. September 19, 2018. <https://www.eia.gov/todayinenergy/detail.php?id=37072>

<sup>5</sup> Ariel Dreihobl, Lauren Ross, and Roxana Ayala. How High are Household Energy Burdens? American Council for an Energy-Efficient Economy. September 2020. <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

<sup>6</sup> 17,000 people in the UK died last winter due to cold housing. E3G. February 15, 2019. <https://www.e3g.org/news/17000-people-in-the-uk-died-last-winter-due-to-cold-housing/>

<sup>7</sup> E. Calvin Beisner. Fuel Poverty: The Deadly Side of Renewable Energy. Cornwall Alliance. July 16, 2015. <https://cornwallalliance.org/2015/07/fuel-poverty-the-deadly-side-of-renewable-energy/>

<sup>8</sup> Jonathan Teller-Elsberg, Benjamin Sovacool, Taylor Smith, and Emily Laine. Fuel poverty, excess winter deaths, and energy costs in Vermont: Burdensome for whom? Energy Policy. December 19, 2015. <https://cedmcenter.org/wp-content/uploads/2017/10/Fuel-poverty-excess-winter-deaths-and-energy-costs-in-Vermont-Burdensome-for-whom.pdf>

<sup>9</sup> David Konisky and Sanya Carley. Survey of Household Energy Insecurity in Time of COVID. O’Neill School of Public and Environmental Affairs at Indiana University. June 10, 2020. <https://oneill.indiana.edu/doc/research/energy-insecurity-survey-june-2020.pdf>

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<sup>10</sup> Winter Fuels Outlook, November 2021. U.S. Energy Information Administration. November 9, 2021.

<https://www.eia.gov/outlooks/steo/report/WinterFuels.php>

<sup>11</sup> Juli Carrere, Andres Peralta, Laura Oliveras, Maria Jose Lopez, Marc Mari-Dell’Olmo, Joan Benach, and Ana M. Novoa. Energy Poverty, its intensity and health in vulnerable populations in a Southern European city. *Gaceta Sanitaria*. October 29, 2020.

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<https://www.sciencedirect.com/science/article/pii/S0140988321001249>

<sup>12</sup> Greta Mohan. Young, poor, and sick: The public health threat of energy poverty for children in Ireland. *Energy Research & Social Science*. January 2021.

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<sup>13</sup> Cat Carkner. Energy Poverty: A Health and Equity Issue. McGill Policy Association. March 22, 2021.

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<sup>14</sup> State Gas Price averages. AAA Gas Prices. <https://gasprices.aaa.com/state-gas-price-averages/> and Ben Lieberman. California Leads Nation in Gas Prices, Climate Policies a Growing Contributor. Competitive Enterprise Institute. May 31, 2019. <https://cei.org/blog/california-leads-nation-in-gas-prices-climate-policies-a-growing-contributor/> and Gas and Diesel Fuel Update. U.S. Energy Information Administration. Accessed December 3, 2021. <https://www.eia.gov/petroleum/gasdiesel/>

<sup>15</sup> Electric Power Monthly: Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-Use Sector. By State, September 2021 and 2020. U.S. Energy Information Administration. [https://www.eia.gov/electricity/monthly/epm\\_table\\_grapher.php?t=epmt\\_5\\_6\\_a](https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a)

<sup>16</sup> Energy Expenditures by American Families. American Coalition for Clean Coal Electricity. June 2016.

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<sup>17</sup> Vanessa Brown Calder. When Environmental Regulation Harms the Poor. Cato Institute. January 31, 2018.

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